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EMPLOYEE INSURANCE PROGRAM

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October 3, 2005

Important Notice from the Employee Insurance Program (EIP) About Your State Prescription Drug Coverage and Medicare

Please read this notice, your creditable coverage letter, carefully and keep it where you can find it. This notice contains information about your current prescription drug coverage with EIP and about new prescription drug coverage available January 1, 2006, to people with Medicare. It also tells you where to find more information to help you make decisions about your prescription drug coverage.

- 1. Starting January 1, 2006, Medicare Part D, new prescription drug coverage, will be available to Medicare recipients.**
- 2. EIP has determined that the state drug coverage offered through your health plan (the Standard Plan, the Medicare Supplemental Plan, BlueChoice HealthPlan, CIGNA Healthcare HMO or MUSC Options) is, on average for all plan participants, as good as or better than the standard Medicare prescription drug coverage.**
- 3. Read this notice carefully. It explains options you have under Medicare prescription drug coverage and can help you decide whether or not to enroll.**

You may have heard about Medicare Part D, Medicare's new prescription drug coverage, and wondered how it would affect you. *EIP has determined that the prescription drug coverage you now have is, on average for all plan participants, is as good as the standard Medicare prescription drug coverage.* Starting January 1, 2006, prescription drug coverage will be available to everyone with Medicare through Medicare prescription drug plans. All Medicare prescription drug plans will provide at least a standard level of coverage set by Medicare. Some plans might offer more coverage for a higher monthly premium.

Because your coverage through EIP is, on average, at least as good as the standard Medicare prescription drug coverage, you can keep your coverage through EIP and not pay extra if you later decide to enroll in Medicare coverage.

People with Medicare can enroll in a Medicare prescription drug plan from November 15, 2005, through May 15, 2006. You may have heard that if you later decide to enroll in Part D, you will have to pay a higher premium because you did not enroll in Part D when you first had the opportunity. However, because you now have prescription drug coverage that, on average, is as good as Medicare coverage, you can choose to join a Medicare prescription drug plan later without a penalty. Every year after that, you will have the opportunity to enroll in a Medicare prescription drug plan between November 15 and December 31.

Please keep this notice, your creditable coverage letter, in a safe place. If you later decide to enroll in Part D, you may need to present it to show that you had coverage that was as good as or better than Part D, and therefore, you are not subject to higher premiums.

If you enroll in a Medicare prescription drug plan you will lose your EIP prescription drug coverage, and you will not be able to get this coverage back until the next EIP open enrollment period.

If you enroll in a Medicare prescription drug plan, you will lose your state drug coverage through EIP and not be able to get it back until the next open enrollment period, which occurs in October of odd-numbered years. Before deciding to drop your current EIP coverage, you should compare it, including which drugs are covered, with the coverage and cost of any plans offering Medicare prescription drug coverage in your area.

To learn more about your drug coverage, consult your 2005 *Insurance Benefits Guide (IBG)* or call your health plan at the number listed on the inside cover of the IBG.

Your coverage through EIP pays for other health expenses, as well as for prescription drugs. If you enroll in a Medicare prescription drug plan, you will no longer receive the prescription drug benefits offered by your health plan. However, there will be no reduction in your health insurance premium.

If you drop or lose your coverage with EIP and do not enroll in Medicare prescription drug coverage when your coverage ends, you may pay more if you later enroll in Medicare prescription drug coverage. If, after May 15, 2006, you go **63 days or longer without prescription drug coverage that is at least as good as Medicare's prescription drug coverage**; your monthly premium for Medicare Part D will go up at least 1 percent a month for every month after May 15, 2006, that you did not have that coverage. For example, if you go 19 months without coverage, your premium will always be at least 19 percent higher than the premium most other people pay. You will have to

pay this higher premium as long as you have Medicare coverage. In addition, you may have to wait until the next November to enroll in Medicare prescription drug coverage.

For more information about this notice, contact EIP.

You can reach EIP at 803-734-0678 (Greater Columbia area) or 888-260-9430 (toll-free outside the Columbia area).

NOTE: You may receive copies of this notice again, such as before the next period in which you can enroll in Medicare prescription drug coverage, and if your coverage through EIP changes. You also may request a copy.

For more information about your options under the Medicare prescription drug coverage:

More detailed information about Medicare plans that offer prescription drug coverage will be available in October 2005 in the *Medicare & You 2006* handbook. You will get a copy of the handbook in the mail from Medicare. You may also be contacted directly by Medicare prescription drug plans. For more information about Medicare prescription drug plans:

- Visit www.medicare.gov for personalized help,
- Call your State Health Insurance Assistance Program (see your copy of the *Medicare & You 2006* handbook for the telephone number)
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

Extra help paying for a Medicare prescription drug plan is available to people with limited income and resources. Contact the Social Security Administration (SSA) for more information about this assistance. You may visit SSA online at www.socialsecurity.gov, or call 1-800-772-1213. TTY users should call 1-800-325-0778.

Remember: Keep this notice. If you enroll in one of the new Medicare prescriptions drug plans after May 15, 2006, you may need to present a copy of this notice when you join to show that you are not required to pay a higher premium.

October 3, 2005
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Medicare Part D: Frequently Asked Questions

Q: I received a notice recently about Medicare Part D from the Employee Insurance Program (EIP). What is this?

A: When the Medicare prescription drug benefit goes into effect on January 1, 2006, EIP will continue to provide you and your covered dependents with your state prescription drug coverage. The notice tells you this coverage is at least as good as the Medicare drug benefit, and it is proof of such coverage. Please ***keep this notice*** where you can easily find it.

Q: Do I need to do anything right now?

A: No. There is nothing you need to do if you plan to keep your state coverage through EIP.

Q: What do I need to do if I want to switch to a Medicare plan?

A: If you switch to a Medicare drug plan, you need to enroll between November 15, 2005, and May 15, 2006. If you enroll by December 31, 2005, your coverage will be effective January 1, 2006. More information is available by calling Medicare at **1- 800-MEDICARE (1-800-633-4227)** or at **1-877-486-2048 (TTY)**. However, enrolling in a Medicare drug plan will disqualify you from prescription drug coverage under your EIP plan. ***If you enroll in a Medicare drug plan, you will lose your EIP drug coverage and you will not be able to get it back until the next open enrollment, which occurs in October of odd-numbered years.***

Q: If I keep my current coverage, can I switch to a Medicare plan later?

A: Yes. After the initial Part D enrollment period, November 15, 2005, to May 15, 2006, open enrollment for Medicare coverage will be held yearly between November 15 and December 31.

Q: Will I pay higher premiums for a Medicare prescription drug plan if I keep my state coverage through EIP and switch later?

A: No. Since Medicare recognizes your current state coverage through EIP to be at least as good as the standard Medicare plan, you will not pay more if you later enroll in a Medicare plan. Remember that Medicare prescription drug plan enrollment for 2006 ends May 15, 2006. After that, you may only enroll in a Medicare prescription drug plan during: 1) open enrollment for Medicare, which is November 15 to December 31 of each year; or 2) if your EIP coverage ends.

Q: Is limited-income assistance available for prescription drug coverage?

A: Limited-income assistance is not available for your EIP coverage, but it is available for the Medicare benefit. If your yearly income is less than \$11,500 for individuals or \$23,000 for couples, you may be eligible for limited-income assistance. You may apply for assistance by filling out an application online at www.socialsecurity.gov or by calling the Social Security Administration at **800-772-1213 or 800-325-0778 (TTY)**. Remember: You can only receive limited-income assistance if you enroll in a Medicare prescription drug plan.